

America's Health Care Safety Net Intact but Endangered

Committee on the Changing Market, Managed Care, and the
Future Viability of Safety Net Providers



INSTITUTE OF MEDICINE
THE NATIONAL ACADEMIES

Committee's Charge

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

- “To examine the impact of Medicaid managed care and other changes in health care coverage on the future integrity and viability of safety net providers operating primarily in ambulatory and primary care settings”
- Committee had 14 members reflecting expertise in Medicaid, managed care, public health, state Medicaid and health care reform programs, health care economics, minority health, primary care, safety net delivery systems, special needs populations, and rural health

Key Definitions

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

Health Care Safety Net:

Those providers that organize and deliver a significant level of health care and other related services to uninsured, Medicaid, and other vulnerable patients.

“Vulnerable” patients include uninsured, low-income underinsured, Medicaid beneficiaries, and patients with special health care needs who rely on safety net providers for their care.

Key Definitions

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

“Core” Safety Net Providers

Major distinguishing characteristics:

- (1) either by legal mandate or explicitly adopted mission they *maintain an “open door,”* offering access to services for patients regardless of their ability to pay.
- (2) a *substantial share* of their patient mix is uninsured, Medicaid, and other vulnerable patients.

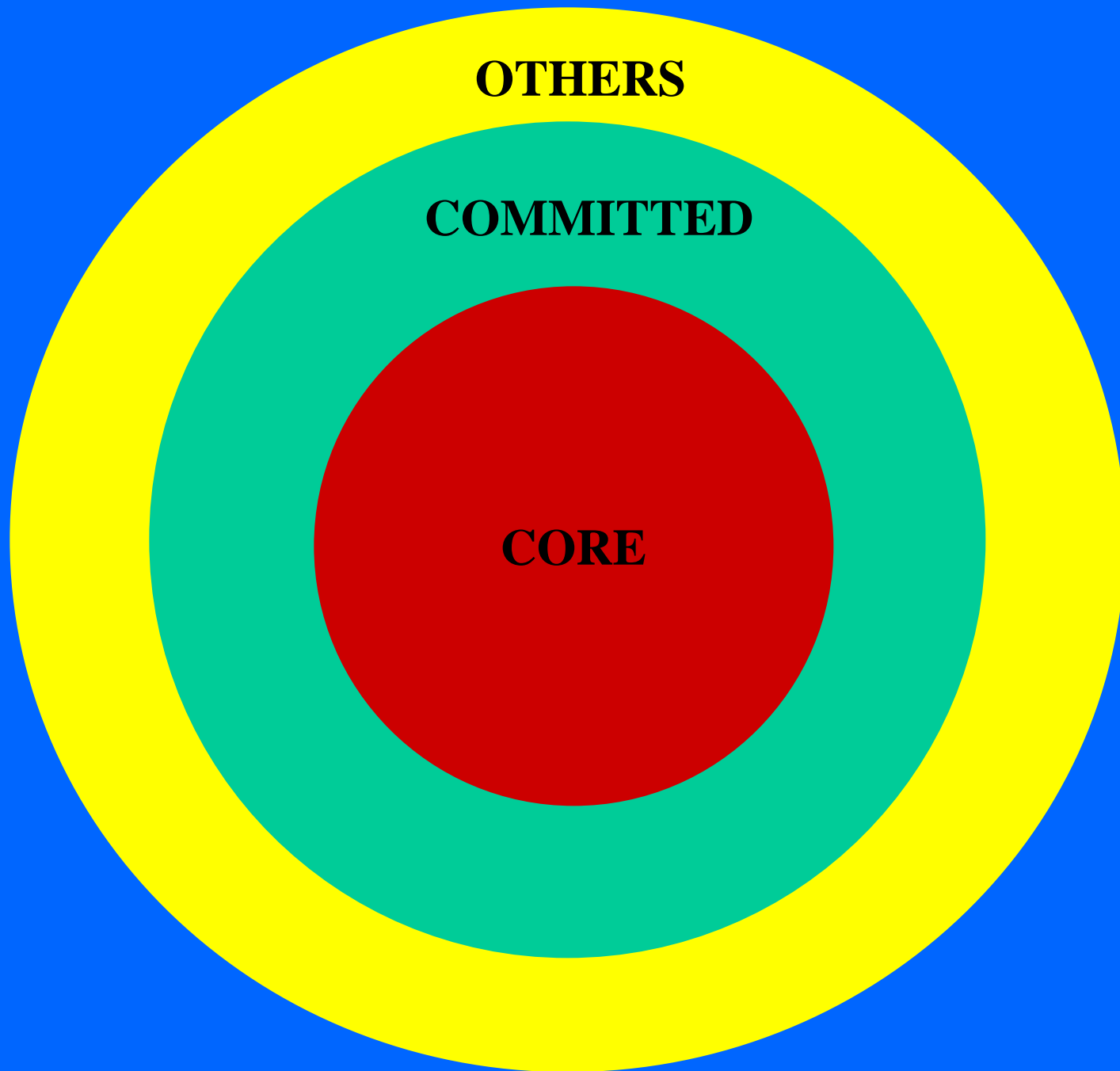
Key Definitions

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

“Core” Safety Net Providers *continued*

Other variable characteristics:

- (3) have a *narrow patient base* (primarily Medicaid and uninsured patients)
- (4) have little to *no ability to cost shift*
- (5) provide *wraparound services* (e.g. transportation, translation)



OTHERS

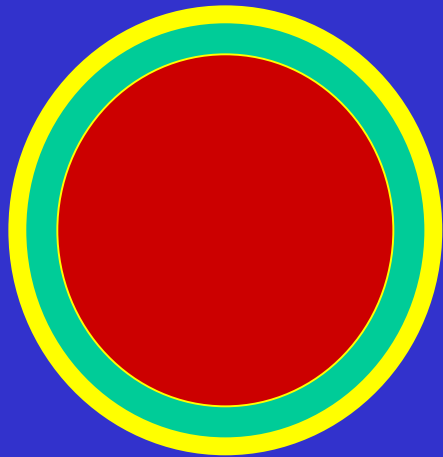
COMMITTED

CORE

Community Variation in Safety Net Providers

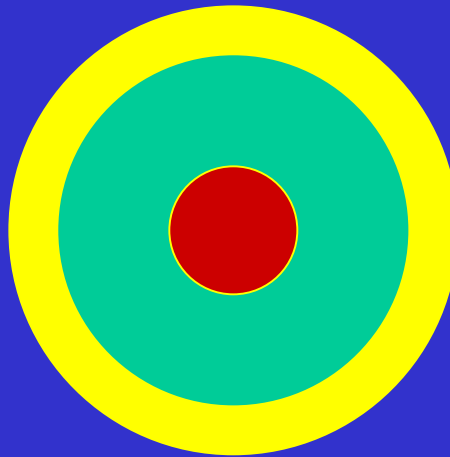
Core Providers
Dominant

e.g. urban



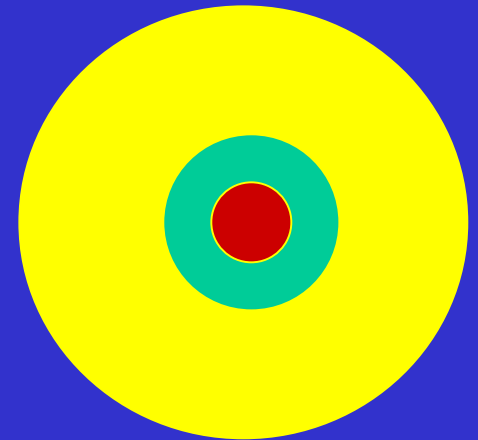
Committed Providers
Dominant

e.g. rural



Other Providers
Dominant

e.g. suburban



Limitations of the Study

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

- **Limited, inconsistent data produced primarily by major stakeholders**
- **Study's national perspective does not do justice to the full range of state and local variations**
- **Point-in-time study within an environment of ongoing change**

Findings

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

The status of the core safety net system continues to change and its impact on vulnerable populations remains uncertain and at risk.

- Despite increasing stress, most SNPs are managing to survive and adapt to the new environment but many are “on the edge”
- The full consequences of market and policy changes have not yet been felt in many communities in this time of prosperity and budget surplus
- The capacity for monitoring the status of SNPs is inadequate for providing timely and systematic evidence about the effects of market and policy changes on SNPs
- Few reliable and current data exist to determine how former and current safety-net dependent patients are faring in the new environment

Findings

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

The patchwork organization and the patchwork funding of the safety net vary widely from community to community, and the availability of care for the uninsured and other vulnerable populations increasingly depends on where they live.

- Widening state and community variations in care for vulnerable populations and the adequacy of the the health care safety net
- States and communities with great demands for safety net services often have weak economic, political, and social infrastructures

Findings

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

The financial viability of core safety net providers is even more at risk today than in the past because of the combined effects of three major dynamics:

- (1) the rising number of uninsured individuals;
- (2) the full impact of mandated Medicaid managed care and a more competitive health care marketplace; and
- (3) the erosion and uncertainty of major direct and indirect subsidies that have helped support safety net functions

Recommendations

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

Federal and state policymakers should address the *impact* (both intended and unintended) of changes in Medicaid policies on the viability of safety net providers and the populations they serve.

Concerted efforts should be directed to improving the Nation's *ability to monitor* the changing structure, capacity, and financial stability of the safety net to meet the health care needs of the uninsured and other vulnerable populations.

Recommendations

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

A new targeted federal initiative is needed to help support core safety net providers that care for a disproportionate number of uninsured and other vulnerable patients.

Technical assistance programs and policies targeted to improving the operations and competitive position of safety net providers should be enhanced and better coordinated.

All federal programs and policies targeted to support the safety net and the populations it serves should be reviewed for their effectiveness in meeting the needs of the uninsured.

Cross-Cutting Themes in Recommendations

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

- Give SNPs the tools to survive and compete in the new environment
- Strengthen local safety net capacity and the future viability of SNPs by motivating SNPs and federal, state, and local government agencies to develop integrated safety net systems
- Link support for SNPs to their ability to effectively care for the uninsured and other vulnerable populations in their communities
- Improve the quality and credibility of the data that policymakers and politicians rely on to make decisions related to SNPs

Summary

The Impact of Market Forces and Managed Care on The Safety Net

AMERICA'S HEALTH CARE SAFETY NET: INTACT BUT ENDANGERED

The convergence of new and powerful dynamics, with many unintended consequences, is beginning to place unprecedented strain on the health care safety net and vulnerable patients that they serve in parts of the country.

IOM Safety Net Report: Response to Date

- In July an interagency memo was signed that instructed DHHS departments to implement IOM recommendations.
- In September, the Healthcare Oversight Act (S.3035/H.R.5162) was introduced to create an independent and bipartisan commission to assess the healthcare needs of the uninsured and to monitor the financial stability of the Nation's health care safety net